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ABSTRACT

The Office of Program Analysis and Government Accountability (OPPAGA), an office of the Florida Legislature, reports on the implementation by Florida's Division of Community Colleges of OPPAGA's recommendations in a 1999 report. This progress report defines the mission of Florida's Community College System as: (1) providing lower-level undergraduate instruction designed to award associate degrees and prepare students for transfer to four-year programs; (2) preparing students for vocations that do not require a B.A.; (3) providing a range of student development services; and (4) promoting economic development within each community college district by providing special job training programs. The previous report found that the Florida Community College System needed to improve its graduation and retention rates for students enrolled in A.A. and A.S. degree programs. The report also found that the funding process could be improved. This progress report suggests development of benchmarks for and reporting of graduation rates for all first-time-in-college students, not just those who have completed at least 18 credit hours. It also suggests using a combination of input-based and performance-based funding, and requiring students to pay 100% of costs for courses that exceed a specific percentage of degree requirements. This report also serves to inform the legislature of actions that were taken in response to the 1999 report. (NB)

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Progress Report

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Report No. 01-30

Community College Budget Incentives and Interagency Articulation Improve, But Graduation Rates Still Inflated

at a glance

In response to our 1999 report, the Legislature and the Division of Community Colleges have implemented several of our recommendations.

The Legislature added several measures to the performance-based incentive fund, developed statewide performance measures for the community college system, and approved increasing the proportion of funds tied to performance to a minimum of 10%. The division conducted a formal review of interagency articulation agreements between community colleges and school districts and reports that it intensified verification of data integrity.

However, some recommendations have not been implemented.

- The division continues to inflate and present misleading graduation rates when it excludes from calculations students who drop out of school before earning 18 credit hours. We continue to recommend that the division develop benchmarks for and report graduation rates for all first-time-in-college students.
- Although the state still allocates the majority of community college funds that are not tied to performance or categorical funds using a base-plus approach, the Legislature recently allocated $23.9 million in new money to the colleges for the 2001-02 fiscal year using an input-based formula. We continue to recommend that the state fund community colleges using a combination of input-based and performance-based funding. Such an approach will serve to equalize funding by taking into account program offerings and student populations, while providing incentives for colleges to improve the level and quality of services.
- While the state requires community college students to pay 100% of the credit hour cost for courses that they have failed or withdrawn from more than two times, the state has not established policies to address the number of excess hours taken in relation to total degree requirements. The Legislature should closely monitor the excess hours performance measures to determine if efforts to reduce excess hours are effective. If this problem continues, the Legislature could consider requiring students to pay 100% of the costs for courses that exceed a specified percentage of degree requirements (such as 120%).

Purpose

In accordance with state law, this progress report informs the Legislature of actions taken by Florida's Community College System in response to a 1999 OPPAGA

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review.[1,2] This report presents our assessment of the extent to which the division has addressed the findings and recommendations in our prior report.

Background

Florida's Community College System provides a variety of educational and job training programs to the state's citizens. Its primary mission, to respond to community needs for postsecondary academic and vocational education, includes

- providing lower level undergraduate instruction designed to award associate degrees and prepare students for transfer to four-year colleges and universities;
- preparing students for vocations requiring less than a baccalaureate degree;
- providing a range of student development services such as assessment, counseling, and remediation; and
- promoting economic development within each community college district by providing special job training programs.

To carry out its mission, Florida's community colleges offer a variety of degree and certificate programs. These programs include the associate in arts (AA) degree, the associate in science (AS) degree, associate in science certificates, and postsecondary adult vocational certificates. Community colleges also provide continuing education programs for people in the workforce and offer remedial education programs such as the College Preparatory and Adult Education programs.

The Community College System comprises 28 locally controlled and independent institutions with 135 locations, such as campuses, centers, and other facilities. Colleges are under the direct control of the newly created Florida Board of Education. The Division of Community Colleges of the Department of Education will continue to administer and implement community college system responsibilities assigned by state law.

Prior Findings

Our previous review found that while the Community College System played an important role in the state's overall educational system, the system needed to improve its graduation and retention rates for students enrolled in the AA and AS degree programs. We also found that the community college funding process could be improved and identified ways to facilitate holding community colleges accountable for their performance.

Associate Degree Programs

Although students completing the AA and AS degrees generally received the benefits expected from their training or education, our review indicated that far too many students did not complete their programs of study. After nearly five years, only 34% of the AA and AS students in our cohort study had either earned community college degrees or continued their education at public community colleges or state universities.

The large number of students who did not earn college degrees or certificates within five years could be due, in part, to the natural consequence of having an "open

[1] Section 11.45(7)(f), *F.S.*

[2] *Program Evaluation and Justification Review of Florida's Community College System*, OPPAGA Report No. 98-06A, Revised, March 1999.

access" system. As such, students do not have to meet the same entrance requirements as students entering the State University System and so are often not as well prepared. Other factors that contributed to students not earning degrees or certificates within five years included the tendency for students to drop or fail classes and for students who needed remedial classes not to complete these classes. Over three-fourths (79%) of the students in our cohort study failed or withdrew from at least one college credit course, costing the state around $32 million. And, nearly one-half of the students enrolled in remedial classes attempted but did not complete one or more of these classes, costing the state an estimated $4 million.

To improve this situation we recommended providing additional incentives to encourage colleges to improve graduation and retention rates of students in danger of dropping out, adopting a method to discourage student withdrawal across different types of courses, and establishing a mechanism to ensure that school districts and community colleges identify strategies to reduce the need of postsecondary remediation.

Job Training Programs

While students who completed AA and AS degree programs generally received the expected benefits of their training, we found that students completing adult vocational certificate programs were less likely to benefit from the training received. We found that 60% of the adult vocational certificate programs provided between 1992-93 and 1995-96 graduated five or fewer students statewide and/or had poor employment outcomes for students who completed the programs.

To improve the performance of job training programs, we recommended that the Legislature establish additional disincentives to encourage community colleges to eliminate poorly performing job training programs and to continue providing incentives to community colleges for performance outcomes of training programs targeted by the Occupational Forecasting Conference.

Community College Funding Process

Overall, we found that the community college funding process could be improved by focusing more funding on performance and by ensuring that colleges receive a level of funding that is suitable for the specific programs provided and the students served. While the base-plus funding process used to allocate the majority of funds to the community colleges provides continuity in funding from year to year, this approach can lead to inequities and inefficient use of state resources, as it does not take into account changes in program offerings and student populations. Thus, some colleges could be under-funded while others could be over-funded for the types of programs they offer and the students they serve.

To help ensure that colleges receive the appropriate level of funding and to provide additional incentives for community colleges to improve their AA degree programs, we recommended that the Legislature incorporate input-based funding factors into that portion of community college funding that is not performance-based or linked to categorical funding and that the Legislature gradually increase the proportion of funding for the AA program that is tied to performance.

Accountability

At the time of our review, we noted that the community college accountability process had improved in recent years, particularly efforts to integrate Community College System strategic planning and accountability. While the division also had make improvements to its Student Data Base System, we identified areas needing further improvements.

To further facilitate holding community colleges accountable for their performance, we recommended that the Legislature expand performance-based program budgeting (PB^2) for the Community College System to include unified planning and accountability that would link performance goals and standards to the PB^2 incentive fund measures. We also recommended that the division modify its Student Data Base System to make it more useful for accountability, modify calculations of student graduation rates, and develop cost-efficiency and effectiveness measures.

Current Status

The division and the Legislature have taken steps to implement many of the recommendations of our prior report. However, other recommendations have not been adopted. We continue to believe that these additional steps would improve division operations and benefit the Community College System.

In Fiscal Year 1998-99, the Legislature began funding community college workforce development programs separately from other programs operated by community colleges. The Legislature created the Division of Workforce Development within the Department of Education to oversee these programs. Prior to that time, the Division of Community Colleges' appropriation included funding for all community college programs including workforce development.

Associate Degree Programs

As we recommended, the Legislature has established additional PB^2 incentives to help improve the graduation and retention rates of community college students. Shortly after our report was released, the Legislature added a measure to the community college PB^2 fund for the number of African American males completing a degree.

The Legislature made additional changes to the PB^2 incentive fund in Fiscal Year 2000-01. These changes included adding a measure for completion of dual enrollment credit hours and dedicating a portion of the PB^2 incentive funds for students completing college preparatory programs. The dual enrollment measure serves to provide colleges a financial incentive to offer dual enrollment programs. The PB^2 incentive funds for college preparatory performance award colleges for the number of students completing the highest level of college remedial instruction.

Since our review, the division acted to ensure that school districts and community colleges work collaboratively to identify strategies to reduce the need for postsecondary remediation. The division conducted a formal program review of interagency articulation agreements between community colleges and school districts. These agreements are intended to help reduce the need for postsecondary remediation. As part of its review, the division assessed agreements

to ensure that legislative intent is met and to identify colleges needing technical assistance.

In addition, the educational governance change enacted by the 2001 Legislature will bring school districts as well as community colleges and state universities under the direction of a single state education board and one appointed commissioner. When implemented, this new structure should provide a formal system of authority for ensuring that school districts and post-secondary institutions collaborate on articulation issues.

However, neither the Legislature nor division has established policies that discourage community college students from withdrawing from courses across different subject areas or taking substantially more credit hours than needed to meet degree requirements (excess hours). State law currently requires students to pay 100% of the credit hour cost for courses that they have failed or withdrawn from more than two times. This law does not address the number of excess hours taken in relation to total degree requirements.

In an effort to reduce the number of community college students that take more courses than needed to complete their degrees, the Legislature now includes an excess hours measure as part of the community college system's performance-based program budget and PB² incentive fund. This approach has merit as it places the onus on community colleges to identify and address strategies to reduce the number of students who graduate with excess hours. Colleges that want a share of the incentive funds dedicated to the excess hours measure are likely to take steps to correct the problem.

The Legislature should closely monitor these performance measures to determine if community college efforts to reduce excess hours are effective. If excess hour issues continue, the Legislature could require that community college students pay 100% of the cost for credit hours they take that exceed a specified percentage (such as 120%) of the degree requirements. However, such a policy should be implemented carefully to avoid unintended consequences such as causing some students who are making good progress to discontinue their education because of not being able to pay the additional costs.

Job Training Programs

Our report recommendations focused on developing additional incentives and disincentives for community colleges to eliminate poorly performing job training programs and to provide training programs targeted by the Occupational Forecasting Conference. The workforce development funding system established by the Legislature in 1999 should help address these concerns.

Under this funding system, community colleges compete for 15% of the annual workforce development funds based largely on the number of completers they produce in high-skills and high-wage jobs. This funding system should provide an incentive for colleges to eliminate poorly performing programs as well as to target programs that produce high-skills and high-wage jobs. An upcoming OPPAGA report on job training programs will provide additional information on the performance of community colleges in this area.

Funding Process

We recommended in our 1999 report that the Legislature gradually increase the amount of community college funding for the AA degree program that is tied to performance. Between Fiscal Year 1998-99 and 2000-01, the proportion of community college funding directly tied to AA degree performance (the PB² incentive fund) has remained relatively level, representing around 1.4%. However, the 2001 Legislature approved, as part of a bill related to education governance reorganization, a requirement that each education delivery system develop a proposal for distributing at least 10% of its funding based on performance.

This increase in the proportion of funds allocated on performance should strengthen accountability. However, it is also important that community colleges have a relatively equitable starting point to ensure fairness in accountability efforts. Thus, we continue to believe that instead of a base-plus approach, that the Legislature establish an input-based formula to allocate those funds to community college that the Legislature does not distribute by category or performance.

Even though the Legislature still allocates the majority of community college funds that are not tied to performance or categorical funds using a base-plus approach, it recently allocated $23.9 million in new funding to the community colleges for Fiscal Year 2001-02 using an input-based formula developed by the division. This formula comprises several components, including instruction, academic support, student services, technology, maintenance and renovation of facilities, and special projects. Allocations made to these components are based in part on historical costs and in part on need (i.e., number of student FTEs, total square footage of facilities, etc.).

We continue to recommend that the Legislature fund community colleges using a combination of both input-based and performance-based funding. This combined funding approach would serve to equalize funding by taking into account program offerings and student populations while providing colleges a recurring incentive to improve the level and quality of services provided to students.

Accountability

The Division of Community Colleges has not modified the graduation rates reported for accountability to include all first-time-in-college (FTIC) students. Since the time of our report, the division has published studies that examine the graduation and retention rates of all FTIC students. However, the division has not incorporated these more comprehensive rates into its annual performance and accountability reporting systems. The graduation rates reported for performance-based program budgeting and the Long Range Program Plan include only students who have completed at least 18 credit hours. Such rates are misleading and inadequate for judging the overall success of the state's Community College System because they exclude students who have dropped out of school prior to completing 18 credit hours, thus inflating the overall Community College System success rate. We continue to believe that the division should develop benchmarks for and report graduation rates for all FTIC students.

In 1999, the Legislature established, for the first time, performance measures and standards in the General Appropriations Act

for the Community College System. Unlike the PB² incentive fund measures, which focus on individual community college performance, the measures contained in the General Appropriations Act provide a method for judging the overall success of the Community College System and its students.

The Long Range Program Plan's planning process established by the 2000 Legislature essentially unified all strategic planning and accountability efforts for state agencies. The Long Range Program Plan does not, however, measure performance of individual community colleges. Because of this, the division, through its accountability process, continues to maintain college specific performance information that community colleges can use for planning purposes.

As required by the Long Range Program Plan, the division includes unit cost information. Specifically, the division reports an efficiency measure, the average cost per student served. However, because of the diversity in types of programs and students served, the division should provide unit costs by program type (e.g., associate degree programs, vocational programs, basic adult education, G.E.D. preparation, etc). The division should also report the cost-effectiveness of its AA degree program by developing a measure that reflects the average cost per student earning a degree.

The division reports that it has made changes to the Student Data Base System by adding edit criteria and verification reports related to accountability data. In addition, the division recently hired a data verification specialist who is responsible for verifying the accuracy of community college data. This should assist the division in maintaining the integrity of data from individual community colleges.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability

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